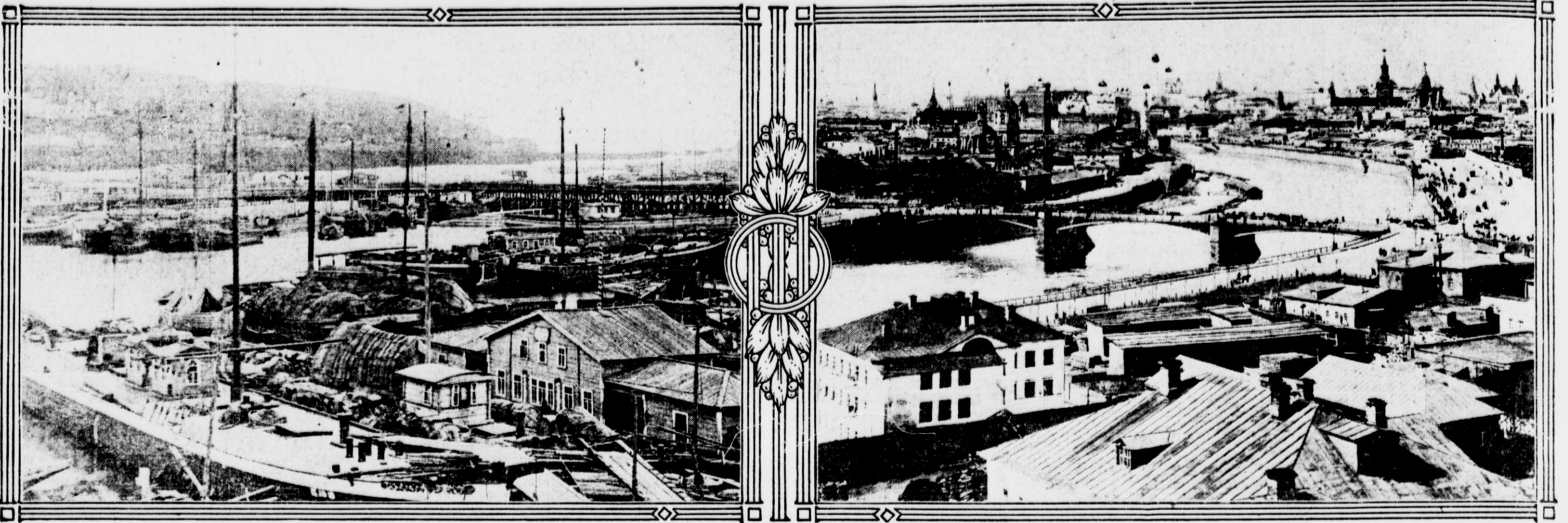


DEVELOPMENT OF RUSSIA'S TRADE AFTER THE WAR



Water front at Novogorod, where the great Russian Fair is held.

General view of Moscow.

United States in Unusually Good Position to Benefit by Promised Change in Political Conditions

By CHARLES M. PEPPER.

Russia stakes less loss of foreign commerce on the war than any of the other belligerents. She also stands to win most in the way of commerce that comes from the development of her vast national resources under the new political conditions which are promised after the war.

Significant statements have been attributed to the Czar regarding the future policies of the empire. These statements doubtless are taken with a large measure of reservation by those familiar with the history of the Czar's efforts to liberalize his own Government and the way in which the oligarchy of absolutists with which he is surrounded have thwarted him.

Yet forces are at work which may undermine absolutism. Russia really seems to be at the threshold of an epochal industrial and commercial development which will make her a commanding factor in world trade.

The United States, notwithstanding the friction which grew out of the abrogation of the historic treaty between the two countries because Russia would not liberalize her treatment of the Jews, is in an unusually good position to benefit by this development. The advantage which comes to her as a neutral nation in the neutral markets of South America and the Orient during the war also comes to her in relation to the Russia of the future.

The statement credited to the Russian Minister of Foreign Affairs that, as a result of the war the great markets of the Russian empire will be thrown open to England and America, must be taken with some allowance if it means that these countries are to have exclusive benefits at the expense of others. Nations which have been engaged in a savage struggle of arms, such as the present one, do not find it advisable to inaugurate commercial wars when arms become silent.

When the gigantic contest is over it is not likely that Russia will have one commercial policy for England and the United States, and another for the rest of the world. Yet, though war passions wear themselves out, there is no question that the loss of trade to Germany and Austria will be heavy and will outlast the end of the war.

There is not only the \$300,000,000 which the Foreign Minister said Russia had been buying from Germany but there is also the loss of commercial control. Germany in a very large measure has controlled the imports into Russia

which passed through the Baltic ports. The knowledge of German to commercial travelers visiting Libau and Riga was more important than the knowledge of Russian.

German business houses knew Russian wants better than Russian houses did. They naturally gave the preference to German products, although not hostile to American goods when larger profits could be made. In the sense of foreign commerce the Baltic ports of Russia were merely an extension of the old Hanseatic League.

German houses also were strongly established at Odessa and the other Black Sea ports, and they even controlled much of the interior trade of the empire. Their commercial travelers were everywhere. Germans were engaged not only in commerce but also in many of the development enterprises. Large amounts of German capital went into these enterprises in order that the plants might be equipped by German mills and factories.

While Russia, when the war is over, may reconsider any present determination to deny equality to Germany and Austria in her markets, it is nevertheless certain that German trade with the empire will suffer somewhat from the prejudice against German goods and from the disadvantages which German commercial houses now suffer on account of their nationality.

A greater prospective loss will be from the probable indisposition of the Russian Government to encourage German participation in the numerous development enterprises that are certain to be inaugurated when the peace era comes.

The United States need not ask favors in the markets of Russia as against other countries. All she wants is the opportunity to share those markets on equal terms and to participate in the trade which comes from the development of the enormous natural resources of the great empire.

The resources of Russia are as stupendous as her extent of territory. Her own industries as so far developed are only a faint echo of these resources.

Manganese is one of the greatest sources of national wealth. The iron industry of the United States had a tremor of apprehension when the war broke out because of its dependence on the manganese of the Caucasus Mountains. Brazil and India supply the ore, but not in such abundant quantities.

Europe and the United States annually consume 2,200,000 tons of manganese, of which Russia supplies about 1,100,000 tons. Most of this is from

the Caucasus, although the Urals also have a reserve supply.

So important is the ore that the Russian manganese producers hold annual congresses to discuss the conditions of the production and the foreign market. A permanent council of the congress supervises the production and distribution of the manganese. It also provides for the regulation of the industry and it has inaugurated a system of welfare measures for the workmen.

England takes iron ore as well as manganese from Russia. As a measure of national policy the Government encourages the domestic iron and steel industry.

Russian mills on the Black Sea have exported steel rails to India. Tin plate is manufactured at Odessa, most of the black plate being obtained from England, although northern Russia furnishes some.

Zinc and silver lead ores are found in the Caucasus, and also in Polish Russia, near Warsaw. Among the rarer metals is the platinum of the Urals. The Anato Valley of Colombia is about the only competitor that the Urals have in the production of platinum.

The Russian oil fields have been one of the greatest sources of national wealth, and they still are a national asset of much value, both for domestic purposes and for foreign commerce. The Standard Oil Company is well aware of this fact, since it has had to meet the competition of the Katum oil fields.

Russia is still next to the United States in oil production, but not to the same extent as formerly. The latest reports have indicated a slight relative falling off.

According to these reports the production was slightly in excess of 9,000,000 tons in 1913, as against 9,200,000

tons the previous year. A dozen years ago the production was close to 11,000,000 tons.

Foreign commerce, both export and import, is not overlooked in the Government activities. The Department of Trade and Industry is especially charged with the promotion of export commerce. It cooperates with the various business organizations and societies, investigates foreign markets, and publishes a bulletin of foreign trade. These activities are similar to those of the Department of Commerce in the United States, though not yet on so large a scale.

In its foreign trade, especially as related to frontier imports, the balance is usually unfavorable to Russia. This, however, is attributed chiefly to the policy of the Government after the war, with Japan in rebuilding the navy and reconstituting the army. The Govern-

Vast Natural Resources in the Extension of Which This Country May Aid ---American Capitalists Ready

ment spent nearly \$200,000,000 in the construction of battleships. Domestic industrial development suffered in consequence of the military activities and the enormous sum which they consumed.

Overseas traffic of the empire constitutes about two-thirds of the foreign commerce of the country. The volunteer fleet, as it is called, is extensive and covers the Pacific ports, as well as other sections of the empire. The Baltic carriers reach all European ports, and there is a line from Libau with a fortnightly service to New York.

Since Russia had few manufactured products for overseas exports, it cannot be said that this trade has been severely interrupted on account of the war. Cotton and other raw products imported for Russian industries have been interfered with, and the Southern States have been the sufferers, although not to the same extent as with Germany.

When the Russian navy was in the process of rebuilding it was generally assumed that the next step in the national policy would be the enlargement of the Russian merchant marine. If Russia emerges from the war as one of the victors that may be one of the first measures of the Government.

Much of the overseas traffic heretofore has been carried in German and English bottoms.

Russia's trade with the United States in the past has not been extensive, yet it has been too valuable for either country to permit it to be lost. Russia's market in the future promises to be immensely more valuable. It is not likely that a situation similar to that which arose when the treaty between the two countries was abrogated will again arise. The trade diplomacy of the Taft Administration averted an interruption of trade relations at that crisis.

President Taft, by anticipating the action of Congress and giving notice of abrogation of the treaty in accordance with diplomatic usage, avoided any ground for complaint on the part of Russia as to the manner of abrogation. The international amenities were observed, and Russia showed its appreciation, but this could not prevent ill feeling, and the Russian Government had some difficulty in controlling national sentiment.

The Baltic trade with the United States is largely of manufactured commodities in exchange for Russian raw products through the port of Libau.

machinery is imported annually in amounts ranging from \$2,000,000 to

\$2,500,000, while miscellaneous imports make up another \$1,000,000. Exports to the United States through Libau are much greater in value, although they vary widely.

In 1913 they amounted to approximately \$7,000,000, but in a previous year they had reached \$12,500,000. Hides are by far the most important product, since in 1912 they reached \$10,000,000. Wood in the same year was exported to the United States to the value of \$1,000,000.

Russian Poland as an industrial center is a large consumer of American cotton, in some years taking \$10,000,000 worth. Leather for the Warsaw industries is taken from the United States to the amount of \$2,500,000. Agricultural machinery averages \$500,000. Typewriters, cash registers and other office appliances aggregate \$500,000.

The leading export from Russian Poland to the United States is flax, which amounts to \$500,000 and upward. Beet sugar seed is also obtained from this section. Those who believe that all the Russian caviar which is served in American restaurants is obtained at home will be interested in knowing that Warsaw supplies us with from \$10,000 to \$50,000 annually.

This brief outline of the trade between the United States and Russia may serve as an index to the possibilities after the conclusion of the war. The coming chapter in Russian national development is the measure of the prospective market. Russia is bound to go forward with the development of the empire, its foreign commerce is certain to increase vastly. There is the natural basis for a hugely increased commerce between the United States and Russia.

How far American capital can fill the void caused by the war waste is one of the factors in the situation. French, English and German capital heretofore has supplied much of the funds for Russian industrial enterprises.

After the war none of these countries will have any spare capital for Russia. If the United States can provide some of the funds, and if American capitalists are ready to venture into Russian railroad building, port improvements and industrial enterprises, the demand for American goods will be enormously increased. The prospect in many respects is similar to the situation in South America.

Russia is clearly one of the great fields of the future for the expansion of the foreign trade of the United States.

Where Japan and Russia Battled Ten Years Ago

Continued from Fifth Page.

They brought us rifle bullets and grape shot. An old peasant came running from a field hard by with a couple of 2 inch shells, perhaps from the guns on that redoubt that slaughtered the remnant of the Thirty-third on that red morning.

In the villages they crowded around us and conducted us to the little Buddhist temple, which with its poor ornaments and images had lived as calmly through the siege as it had for a hundred and fifty years before. The old, slim priest with a small white mustache and a gentle face stood aside in his black robe looking wistfully at us. The children stood wide eyed around—children to whom war in its terrible panoply sweeping over their door sills was only a word heard around the hearth fires in winter when the nights were cold.

We rode ahead a mile past other crumbling works of the battle on low hillsides by the way. One Russian work had a ditch around it and a platform with a screen to hide the Russian artillery. On another the Russian guns were on a hill half a mile away; one could see the emplacements for the guns. Death found out the Russians posted there and the Japanese who attacked it. Fragments of human bones strewn the ditch.

The orderly handed us a bone from a soldier's foot that had perhaps first trod the earth in Moscow or happily in Kyoto—who knows? Not the Manchurian peasant looking on at the remnants of men who had come with military music and the louder drumming of the guns to leave their footloose rattling at his doors. Under a clump of trees still nearer to Tashichao—Nogi's funeral in the battle—we ate our lunch.

And there was drawn for me the closing picture of the mighty struggle of 60,000 fighting men. We have seen Nogi advancing and checked within sight of the railroad. Kuropatkin's alarm was expressed in the vigor of the Russian counter attacks on Nogi, which could not budge him, but held him fast. In return the pressure was now made heavier still along the whole Japanese line.

We have seen that Oku had pushed the Russians back a space along his front, but the Muscovites still held fast together. Great was the carnage and the victory was on neither side. Then on the 9th Kuropatkin had a similar spasm of prudence or fear to that he had at Liaoyang and resolved on the same manoeuvre—to withdraw his troops along the whole line of battle, sacrificing this time the gallant fellows who were holding Nogi fast on his doubled up right.

In vain Nogi, maddened by the sight of trainload after trainload of Russians moving up the line, called and clamored to Oyama for help.

"Give me another division and I can cut the railroad, stand astride it and end the war."

But Oyama could not spare a man or thought he could not.

Then, in the night, leaving a thin line behind, Kuropatkin's army began its flight. On his left and part of his centre the way was open for him through the hilly country north, and they got away, but on his right centre and crumpled right the lines of retreat naturally converged. The retreating masses ran into each other in the darkness. Formations were broken. They became a mob. A duststorm such as only Manchuria can raise blinded them. They staggered along helpless.

In the morning light the thousands left on the fighting line surrendered

and 40,000 men were herded by the Japanese north of Mukden in the neighborhood of the tombs of the Manchu emperors. The Russian loss was 97,000 men, and the glory of the Czar trailed away in the back track to Siberia.

The sun was getting around to the west as the story of this great Japanese victory, this final touch to the Russian overthrow, was picked off on the wide landscape around us, and it gave food for much silent thought till the outlines of Mukden, identifiable by the dome of the new railroad depot, arose out of the plain.

And the thought pointed to one grim conclusion, that in war sacrifice at the right psychological moment is the key to victory. Kuropatkin never apparently knew when to make it. The Japanese made it with an unparalleled lavishness. Had the Russian commander made it on his left at Liaoyang or his right at Mukden, made it unstintingly as the Japanese did, it might have been a different story. As we have seen he made it in spite of himself and too late when he tore up his firm lines and turned his back on his enemy. In the choice of occasion lies the difference between defeat and victory.

One thing struck me, pleased me. Among the Japanese officers of high grade and low I found a gallant recognition of the strong qualities of the Russian soldier. Their opinion of the Russian officers was much higher too than I expected. They laid the mistakes of the Russians where they seemed to belong, to poor information, lack of superior initiative; but to the mastery Russian engineers and to the general military qualities of officers, rank and file they were fain to give a manly military salute.

At Port Arthur, for instance—but that is a tale for another time.

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IF SHADOWGRAPHS FORETOLD WHAT YEARS HELD IN STORE FOR US



Second childhood.

First childhood.

The two professors.

Future form.